

Message Text

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INFO AMCONSUL CIUDAD JUAREZ

AMCONSUL GUADALAJARA

AMCONSUL HERMOSILLO

AMCONSUL MATAMOROS

AMCONSUL MAZATLAN

AMCONSUL MERIDA

AMCONSUL MONTERREY

AMCONSUL NUEVO LAREDO

AMCONSUL TIJUANA

C O N F I D E N T I A L MEXICO 567

LIMDIS

E.O. 11652: GDS

TAGS: ETRD, EFIN, MX

SUBJECT: PRESIDENT ECHEVERRIA MEETS WITH U.S. BUSINESSMEN

REF: MEXICO 10587

1. SUMMARY: PRESIDENT LUIS ECHEVERRIA AND KEY CABINET MEMBERS MET FOR MORE THAN SEVEN HOURS JAN. 18 WITH SOME THIRTY LEADING U.S. BUSINESS AND FINANCIAL LEADERS. PRESIDENT STRESSED THAT NEW FOREIGN INVESTMENT MOST WELCOME IN MEXICO AND POINTED TO LONG RECORD ECONOMIC AND POLITICAL STABILITY. PRESIDENT AND FONSEC MADE ELOQUENT DEFENSE MEXICAN POSITION ON CERDS. SECRETARY INDUSTRY AND COMMERCE AND ACTING TREASURY SECRETARY DETAILED FOREIGN INVESTMENT POLICY, FAVORABLE ECONOMIC CONDITIONS IN MEXICO, AND GOM MONETARY AND FISCAL POLICY. MEETING CONSIDERED EXTRAORDINARILY POSITIVE BY
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AMERICAN AND MEXICAN PRIVATE SECTOR PARTICIPANTS.

EMBASSY AGREES THAT MEETING WAS GREAT SUCCESS, THANKS TO FRANK BUT CONSTRUCTIVE APPROACH OF PARTICIPANTS. AT LEAST ONE U.S. BUSINESS LEADER OBSERVED THAT VERY FACT MEXICAN PRESIDENT INVITED GROUP FOR VISIT SHOWS THAT FOREIGN INVESTMENT WELCOME HERE.

END SUMMARY

2. MEETING WITH PRESIDENT LUIS ECHEVERRIA WAS AT HOME MEXICAN INDUSTRIALIST, AND LASTED FROM 10:00 A.M. UNTIL 5:30 P.M. IN ADDITION TO PRESIDENT, SECRETARY INDUSTRY AND COMMERCE, SECRETARY OF FOREIGN AFFAIRS, ACTING SECRETARY OF TREASURY, AND SEVERAL OTHER KEY GOM OFFICIALS ATTENDED. AMBASSADOR AND ECONOFF ALSO INVITED. U.S. BUSINESS LEADERS (AIR POUCHING COMPLETE LIST AS ENCLOSURE TO DETAILED AIRGRAM UNDER PREPARATION) INCLUDING CHAIRMEN OR CHIEF EXECUTIVE OFFICERS OF MAJOR CORPORATIONS SUCH AS CELENESE, E. I. DUPONT DENEMOURS, CONTINENTAL ILLINOIS NATIONAL BANK, COCA COLA, BANK OF AMERICA, WESTINGHOUSE, ALLIS CHALMERS, AND SEARS, ROEBUCK; AND OTHERS SUCH AS CHARLES MEYER AS PRESIDENT U.S.-MEXICAN CHAMBER; CHARLES SMITH, PRESIDENT, U.S. CHAMBER, FORMER TREASURY SECRETARY GEORGE SHULTZ, AND SANDY TROWBRIDGE OF CONFERENCE BOARD. LEADING MEXICAN PRIVATE SECTOR INDUSTRIALISTS ALSO ATTENDED.

3. MAJOR THEME OF MEXICAN GOVERNMENT PRESENTATION WAS THAT MEXICO WELCOMES FOREIGN PRIVATE INVESTMENT, AND PROVIDES STABLE ECONOMIC, POLITICAL, AND SOCIAL CONDITIONS FOR THE INVESTOR. THIS THEME EMERGED ON INNUMERABLE OCCASIONS DURING TALKS OF PRESIDENT, SECRETARY OF INDUSTRY AND COMMERCE, FOREIGN SECRETARY, AND ACTING TREASURY SECRETARY. CONSTRUCTIVE AND FLEXIBLE ATTITUDE OF GOM TOWARD INVESTMENT WHICH MEETS GOM ECONOMIC AND SOCIAL DEVELOPMENT CRITERIA WAS STRESSED.

4. IN REPLY TO REMARKS CRITICAL OF CHARTER (GAYLORD FREEMAN, CHAIRMAN FIRST NATIONAL BANK OF CHICAGO HAD CONFIDENTIAL

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DESCRIBED IT AS NARROW, ONE SIDED, AND SELFISH), PRESIDENT ECHEVERRIA MADE CALM, ELOQUENT DEFENSE OF MEXICAN POSITION. TRACED HISTORY OF CHARTER FROM UNCTAD MEETING IN SANTIAGO, TWO-YEAR EFFORT TO OBTAIN AGREEMENT ON TEXT FROM U.S. AND OTHER WEALTHY NATIONS, AND FINAL VOTE IN WHICH 120 NATIONS REPRESENTING THREE-FOURTHS OF WORLD'S POPULATION VOTED IN FAVOR OF CERDS AT UNGA. CHARTER IS ADMITTEDLY PARTIAL

TO POOR NATIONS AND SEEKS TO PROTECT THEM FROM TRADITIONAL EXPLOITATION, BUT IT ALSO PROTECTS RICH NATIONS IN OFFERING ALTERNATIVE TO COMMUNIST-INSPIRED "PEOPLE'S REVOLUTIONS" WHICH ARE FALSE CURES FOR REAL PROBLEMS OF ECONOMIC GROWTH AND POLITICAL DEVELOPMENT. IT IS UNFORTUNATE, PRESIDENT SAID, THAT U.S. HAD LET SOCIALIST WORLD TAKE FROM IT THE BANNER OF THE CHARTER WHICH IS SEEN IN THIRD WORLD AS OF VITAL HELP AND PROTECTION. NOTING THAT "IT IS NOT TOO LATE" PRESIDENT CALLED ON U.S. AND SECRETARY KISSINGER TO EMBARK ON NEW INITIATIVES REAFFIRMING U.S. DEDICATION TO SUPPORT OF IMPOVERISHED COUNTRIES OF THE WORLD. (DETAILS OF PRESIDENT'S REMARKS, AND THOSE OTHER PARTICIPANTS WILL BE PROVIDED VIA AIRGRAM SHORTLY.)

5. FOLLOWING PRESIDENT'S TALK, THERE WAS EXTENSIVE DIALOGUE ON ISSUES OUTLINED PARAS 3 AND 4 ABOVE, INCLUDING PARTICIPATION OF SECRETARY OF INDUSTRY AND COMMERCE JOSE CAMPILLO SAINZ, (GOM POLICY ON INVESTMENTS, ECONOMIC CONDITIONS); FONSEC EMILIO O. RABASA (DEFENSE OF CHARTER); ACTING TREASURY SECRETARY MARIO RAMON BETETA (GOM MONETARY AND FISCAL POLICY); GUSTAVO DE LA SERNA, HEAD IBM-MEXICO, WHO ACTED AS SPOKESMAN FOR MEXICAN PRIVATE SECTOR; FORMER TREASURY SECRETARY SCHULTZ; SANDY TROWBRIDGE; GILBERT JONES, VP, IBM; IRVING SHAPRIO, CHAIRMAN, DUPONT; CHARLES SMITH, PRESIDENT U.S. CHAMBER OF COMMERCE; AND MR. THOMAS BATA, CHIEF EXECUTIVE OFFICER OF BATA SHOES.

6. COMMENTS: THE MEETING WAS CONSIDERED TO BE EXTRAORDINARILY SUCCESSFUL BY THE AMERICAN
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PARTICIPANTS, AND BY THEIR MEXICAN PRIVATE SECTOR COUNTERPARTS. THE EMBASSY AGREES FULLY WITH THIS ASSESSMENT, BELIEVING THAT THE GREAT SUCCESS OF THE MEETING WAS DUE IN LARGE PART TO THE FRANK BUT CONSTRUCTIVE APPROACH OF THE PARTICIPANTS. REASONABLE ATTITUDE AND CALM MANNER OF MEXICAN PRESIDENT IN HANDLING HIGHLY-CHARGED ISSUE OF CERDS PREVENTED WHAT COULD HAVE BEEN A CONFRONTATION. THIS CONSTRUCTIVE APPROACH WAS THE ONE WHICH PREVAILED THROUGHOUT THE MEETING. U.S. BUSINESS LEADERS EXPRESSED GRATITUDE TO AMBASSADOR FOR FRIDAY EVENING COCKTAIL BRIEFING SESSION, WHICH THEY CONSIDERED MOST USEFUL. AT LEAST ONE U.S. BUSINESS LEADER OBSERVED THAT VERY FACT PRESIDENT ECHEVERRIA INVITED THEM TO VISIT MEXICO IS A POSITIVE INDICATION OF MEXICO'S INTEREST IN FOREIGN

INVESTMENT. A MEXICAN BUSINESSMAN CONFIDED TO
AMBASSADOR THAT MEXICAN PRIVATE SECTOR LEADERS WERE
MOST PLEASED BY MEETING AS WELL, WERE RELIEVED TO
OBSERVE RELAXED AND OPEN ATTITUDE WHICH MEXICAN
PRESIDENT DISPLAYED TOWARD PRIVATE SECTOR, AND HIS
POSITIVE REMARKS ON ROLE PRIVATE INVESTMENT PLAYS
IN MEXICAN DEVELOPMENT.

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